



POLICY PLATFORM

Policy Letter

Gender Balance in the ECB's Executive Board

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In July, after months of political wrangling, the Euro Group proposed to appoint Yves Mersch, Governor of the Central Bank of Luxembourg, to fill the seat on the ECB's Executive Board (EB) vacant since José Manuel González-Páramo's mandate ended in May. The initial dispute over nationality turned to gender. The appointment was initially rejected by the European Parliament at the end of October on the ground that it is unacceptable to have not a single female member on the EB and not even in the Governing Council (GC). Since 1999, only two of the 16 appointments made to the EB have been women: Sirkka Hämäläinen (1999-2003) and Gertrude Tumpel-Gugerell (2003-2011). After an initial veto by Spain, that wanted to maintain a seat on the EB, Mr. Mersch's appointment was finalized by the European Council on November 22nd and he will start his mandate on December 15th.

The appointment of Mr. Mersch attracted attention to the lack of gender balance in the GC, which stands in stark contrast with the efforts to introduce female quotas on boards of large companies. The concern was initially voiced by Sharon Bowles, the Chair of the Economic and Monetary Affairs Committee of the European Parliament, who asked Jean-Claude Junker, President of the Euro Group, to propose a woman as a successor to Mr. González-Páramo.

Later it led to a letter of intent by Herman Van Rompuy, President of the European Council, guaranteeing an effort to increase the presence of women in European institutions.

On the one hand, it is surely difficult to believe that there was not a single woman in the euro area who is qualified for the position. Indeed, there are several women holding senior positions in National Central Banks (NCBs) and many prominent female academics that could have been considered for the job. Examples from the former group include Sabine Lautenschläger, Vice-President of the Deutsche Bundesbank, and Anne Le Lorier, First

Deputy Governor of the Banque de France; and, among the latter group, H  l  ne Rey and Lucrezia Reichlin, at London Business School, or Claudia Buch, at University of T  bingen.

However, while the Euro Group's record of appointing women to the EB is distressing and a rethink is necessary, one asks oneself whether rejecting the appointment of Yves Mersch, who is seen by many as one of the most experienced members of the GC, would have been the best way to resolve the problem of gender imbalance. In fact, not only did it further slow down the appointment process, it also added gender to nationality as a source of dispute when meritocracy should be the only principle guiding these appointments.

The real issue is that the glass ceiling is at a much lower level. In fact, at the ECB, there is only one female Director General (DG), one female Deputy DG and a handful of female Heads of Divisions. The same holds true in general for the NCBs. Thus, the lack of women on the EB simply reflects the lack of women in senior positions. This issue needs to be tackled even before the one of female under-representation on the board.

A long term plan helping talented women to emerge and be prepared to take increasing responsibilities is necessary to make sure that there is a growing pool of qualified female candidates. President Draghi in his latest press conference¹ pledged that the ECB would make increasing efforts in this direction (including mentoring, the use of external counselors, the enhancement of diversity in recruitment panels and child-minding facilities). However, the endeavor should be undertaken also by the NCBs in order to have a diverse group of potential female candidates. A culture of equality and equal opportunity should be built from the ground up and it cannot start from the top.

¹ <http://www.ecb.int/press/pressconf/2012/html/is121108.en.html>